

**LINKING PUBLIC HOUSING TO
EMPOWERMENT ZONE PROGRAMS**

Empowerment Zone Program Review

For the Period

July 1, 1999 to March 31, 2001

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Honorable City Council
Detroit, Michigan

Attached is a report on our performance review of the Linking Public Housing to Empowerment Zone Programs (LPH) program of the Detroit Empowerment Zone program. The Office of the Auditor General conducted the review, as part of an ongoing review of Empowerment Zone programs, to determine the performance, accomplishments, and the status of the LPH program and to determine whether the program is achieving the benchmarks within the timetables established in the Strategic Plan.

We would like to express our appreciation to the officials and other employees of the LPH program and its implementing agency (the Detroit Housing Commission), the Empowerment Zone Development Corporation, and the Planning & Development Department for their cooperation during the conduct of this performance review.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Joseph L. Harris".

Joseph L. Harris
Auditor General

PURPOSE AND SCOPE

This report is in response to a resolution adopted by the Detroit City Council, which directs the Auditor General to conduct an annual performance review of the Empowerment Zone programs, and to prepare and present to City Council a detailed report on the findings and recommendations resulting from this review. This report provides the results of our performance review of the LPH program, Empowerment Zone program N 2.1, for the twenty-one-month period from July 1, 1999 to March 31, 2001.

The objectives of our review were as follows:

1. To determine whether the LPH program, an Empowerment Zone (EZ) program, achieved the benchmarks within the timetables established in the Strategic Plan;
2. To report on the performance, accomplishments, and the status of the LPH program;
3. To determine whether Title XX Social Service Block Grant (SSBG) expenditures of the LPH program, are in accordance with the Goals, Measures, Benchmarks, and Action Steps (GMBAS);
4. To verify quantitative measures reported by the LPH program, to the Empowerment Zone Development Corporation (EZDC); and
5. To identify and report any findings and recommendations related to the selected Empowerment Zone program.

Our review included, but was not limited to, examining records and reports maintained by the EZDC; examining and evaluating reports and documentation prepared by the program's implementing agency; interviewing personnel of the EZDC, the City's Planning & Development Department, and the implementing agency; and reviewing the Strategic Plan.

Our audit was conducted in accordance with the Government Auditing Standards issued by the Comptroller General of the United States, except for completion of an external quality control review of the Office of the Auditor General within the last three years, and accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

OVERALL CONCLUSION

The LPH program's primary objective is to provide public housing residents opportunities to access all of the Empowerment Zone programs with special emphasis on educational, job training, entrepreneurial, recreational, and family services. Since some of the Empowerment Zone programs included as components of the LPH program were not completely operational as of March 31, 2001, the LPH program's objective was only partially achieved.

In our opinion, the LPH program has been relatively successful in achieving its goal to provide public housing residents opportunities to access all EZ programs, particularly those relating to education, job training, entrepreneurial, recreational, and family services.

The LPH program had a total of nine benchmarks established for the period from July 1, 1999 to March 31, 2001. The program **achieved** the following six benchmarks:

1. Appoint coordinator, outline duties, establish positions, select support staff;
2. Conduct regular meetings with tenant organizations, community based organizations, supporting partners and advisory boards;
3. Design public relations materials, develop intake tools, identify support services and needs of residents to facilitate resident participation in Empowerment Zone programs;
4. Solicit technical assistance from supporting partners;
5. Expand the Project Headstart program at the Jeffries Homes, and expand at Parkside Villages and Brewster/Douglass Homes at a later date; and
6. Coordinate Section 3 enforcement for all DHC contracts for resident training, jobs and entrepreneurial programs.

The LPH program **partially achieved** the following benchmark:

1. Implement the JOBnet program (EZ program E 3.1) with 750 referrals, and the School as the Heart of the Community program (EZ program F 5.2) with 200 enrollees.

The LPH program **did not achieve** the following two benchmarks:

1. Implement the Parent Academy program (EZ program F 8.2) with 100 enrollees; and
2. Implement the Entrepreneurial Training program (EZ program E 3.3).

Three of the LPH program's benchmarks relate to three specific empowerment zone programs (namely, the School as the Heart of the Community, Parent Academy, and Entrepreneurial Training), over which the DHC has no control.

In addition, in our opinion, the Title XX SSBG expenditures were in accordance with the GMBAS of the program. However, we are providing one recommendation for improving the monitoring of Title XX SSBG expenditures, included as recommendation 4 on page 14.

Also, certain quantitative measures reported to the Empowerment Zone Development Corporation could not be substantiated; therefore, as part of our review, we are providing two administrative recommendations for improving the record keeping and reporting of the LPH program. These are included as recommendations 1 and 2 on page 14.

Another recommendation (number 3 on page 14) relates to the Micro-Business Loan program.

GLOSSARY OF ACRONYMS AND TERMS

Benchmarks	Quantifiable objectives used to measure planned activities during the implementation of each Empowerment Zone program
DHC	Detroit Housing Commission, which functions as the implementing agency for the LPH program
Entrepreneurial Training	Detroit Empowerment Zone program E 3.3. The EZDC removed the Entrepreneurial Training program from the Strategic Plan and transferred the program's Title XX SSBG funds to the One Stop Capital Shop.
EZ	Empowerment Zone; a distressed community that has been Federally designated to receive Title XX Social Services Block Grant Funds, in order to promote economic opportunity and community revitalization.
EZDC	Empowerment Zone Development Corporation of the City of Detroit; formed to coordinate, review, recommend prioritization of, monitor, and evaluate the programs of the Empowerment Zone, and to ensure that the programs are achieving the benchmarks within the timetables established by the Strategic Plan.
Friends of Parkside	A nonprofit, community-based organization located in the Villages of Parkside
GMBAS	Goals, Measures, Benchmarks, and Action Steps; planned activities designed exclusively for each individual Empowerment Zone program, as a means of achieving the program's goals and objectives.
HUD	U.S. Department of Housing and Urban Development; the Empowerment Zone Development Corporation reports the performance of each Empowerment Zone program to HUD on an annual basis.
Implementing Agency	The agency participating in each of the Empowerment Zone programs that is responsible for managing the implementation, and reporting the operations and activities of the program to the Empowerment Zone Development Corporation
JOBnet	JOBnet Project - Detroit Empowerment Zone program E 3.1
LPH	Linking Public Housing to Empowerment Zone Programs - Detroit Empowerment Zone program N 2.1

Micro Business Loan	A revolving loan fund in which small loans are provided to Residents for start-up capital or business expansion capital
Parent Academy	Empowerment Zone program F 8.2
Project Head Start	Comprehensive child development programs which serve children from birth to age 5, pregnant women, and their families
School as the Heart of the Community	Empowerment Zone program F 5.2
Section 3	Refers to Section 3 of the U.S. Department of Housing and Urban Development Act of 1968; it includes the legal basis for providing jobs for residents and awarding contracts to businesses in areas receiving certain types of HUD financial assistance.
Strategic Plan	The plan which was agreed upon by the State of Michigan and City of Detroit as the application for nomination as an Empowerment Zone (EZ). This plan is the comprehensive strategy developed to address the critical needs within the EZ and to implement the EZ programs. This plan, which was submitted to and accepted by HUD, gained for Detroit the Federal designation as an Empowerment Zone.
Supporting Partners	Organizations which have agreed to participate in developing and supporting the GMBAS of a particular Empowerment Zone program
Title XX Funded Programs	Empowerment Zone programs that receive Title XX Social Services Block Grant funds
Title XX SSBG Funds	Title XX Social Service Block Grant funds in the amount of \$100 million granted to the Detroit Empowerment Zone by the Federal Government, and administered by the U.S. Department of Health and Human Services (HHS), to be used towards implementing and operating the Detroit Empowerment Zone program
Villages of Parkside	Formerly Parkside Homes, a public housing complex of the Detroit Housing Commission located on Detroit's east side.

LINKING PUBLIC HOUSING TO EMPOWERMENT ZONE PROGRAMS (EZ Program N 2.1)

PROGRAM OVERVIEW

Background

The LPH program began in 1997 and is established in the following three major public housing developments within the Empowerment Zone:

- Jeffries Homes, which has approximately 450 residents and is located in the Central Region of the Detroit Empowerment Zone;
- Villages of Parkside, which has approximately 276 residents and is located in the East Region of the Detroit Empowerment Zone; and
- Brewster/Douglass Homes, which is comprised of two housing complexes, including the high-rise building referred to as the Frederick Douglass Center, which has approximately 570 residents, and two sections of townhouses referred to as Brewster Homes which have approximately 249 residents; both complexes are located in the Central Region of the Detroit Empowerment Zone.

The implementing agency for the LPH program is the Detroit Housing Commission (DHC). The DHC is engaged in the provision of the following services:

- Affordable housing opportunities of high quality construction;
- Revitalized and stable neighborhoods;
- Opportunities for growth and economic freedom;
- Opportunities for partnerships with foundations and public entities, to maximize the designated resources through innovative programs; and
- Efficient and effective management of resources generated.

Funding

Total projected funding for the LPH program is \$1,194,427, over the ten-year life of the Empowerment Zone, which includes \$480,000 in Title XX SSBG funds. Of the Title XX SSBG funds, \$60,000 is intended to establish a Micro-Business Loan program, which will benefit the residents of the public housing sites. In addition, the LPH program will use \$228,698 from the Title XX SSBG funds to establish the JOBnet program at the three public housing developments. The remaining \$151,302 Title XX SSBG funds are available for general program expenditures.

The LPH program has expended a total of \$132,168 in Title XX SSBG funds, through March 31, 2001.

Projected funding of the LPH program for the ten-year period (January 1, 1995 to December 31, 2004) of Empowerment Zone Designation is as follows:

Total Projected Sources of Program Funds

<u>Funding Source</u>	<u>Per the Strategic Plan</u> (a)	<u>1998 GMBAS</u> (b)	<u>Revised Projected Funding</u> Total 10-Year Projected Funding (c)
Non-Title XX SSBG	\$ 2,320,000	\$ 447,500	\$ 447,500
Title XX SSBG	\$ 480,000	\$ 480,000	\$ 480,000
In-Kind	—	\$ 266,927	\$ 266,927
Total	<u>\$ 2,800,000</u>	<u>\$ 1,194,427</u>	<u>\$ 1,194,427</u>

Notes to Exhibit

- (a) The **Strategic Plan** amounts represent the original estimated program funding submitted to the U.S. Department of Housing and Urban Development in the City of Detroit Empowerment Zone Application.
- (b) The **1998 GMBAS** amounts represent the best estimate of program funding based upon the approval of the Detroit City Council, subject to amendment and reprogramming.
- (c) The **Total 10-Year Projected Funding** represents the total amount of program funds approved by the Detroit City Council over the life of the Empowerment Zone Program, subject to amendment and reprogramming.

Goal and Purpose

The LPH program's goal is to provide public housing residents at three major public housing developments, located in the Empowerment Zone, opportunities to access various EZ programs, particularly those related to job training, educational services, childcare services, and entrepreneurial training. In addition, the LPH program is supposed to assist eligible residents in securing small business loans.

To achieve its goal and successfully provide residents with these services, the LPH program's activities are focused on three primary areas:

1. Training, education, and employment services which are to be provided through the following Empowerment Zone programs:
 - JOBnet (E 3.1)
 - Parent Academy (F 8.2)
 - School as the Heart of the Community (F 5.2)
 - Entrepreneurial Training (E 3.3)
2. Childcare services at the Peter Claver child care center, located near the Brewster Homes and Jeffries Homes, for residents who are participating in Empowerment Zone programs as well as other residents; and
3. Establishment of the Micro-Business Loan program, as part of the LPH program, to enable Empowerment Zone residents who complete the Entrepreneurial Training program (EZ program E 3.3) or have previous training or skills, and are eligible, to secure small business start-up loans.

LINKING PUBLIC HOUSING TO EMPOWERMENT ZONE PROGRAMS

STATUS OF PROGRAM OBJECTIVE

The Strategic Plan of the Detroit Empowerment Zone includes the following objective as the means for measuring accomplishment of the goal of the program for Linking Public Housing residents to Empowerment Zone Programs.

Objective

To provide public housing residents opportunities to access all of the Empowerment Zone programs with special emphasis on educational, job training, entrepreneurial, recreational, and family services.

Review Results and Comments

Based on our review and examination of the LPH program files, and the performance of other procedures, we determined the program partially accomplished this objective.

The LPH program was successful in establishing the JOBnet program at the three public housing sites, as of March 31, 2001. The JOBnet program is the Empowerment Zone program, which links public housing residents to the jobs and job training component of the LPH program. In addition, child care services have been expanded at the Peter Claver child care center located near the Brewster Douglass Homes and Jeffries Homes. The center provides child care services for residents who are participating in Empowerment Zone programs.

Three empowerment zone programs (School as the Heart of the Community, Entrepreneurial Training, and Parent Academy), designated to provide public housing residents access to educational and entrepreneurial training as well as recreational activities, were not available as links to the LPH program at the audit report date.

According to the LPH program's Strategic Plan, the School as the Heart of the Community program would establish sites in the elementary schools nearest Jeffries Homes and Brewster/Douglass, and serve as the educational and recreational link to the LPH program.

The two other Empowerment Zone programs, Entrepreneurial Training and Parent Academy, included as links to the LPH program, were not fully operational as of March 31, 2001. These programs were to provide public housing residents access to educational and entrepreneurial training.

Finally, as of March 31, 2001, the Micro-Business Loan program, which would enable Empowerment Zone residents who complete an Entrepreneurial Training program (or have previous training) to secure small business start-up loans, has not been established.

LINKING PUBLIC HOUSING TO EMPOWERMENT ZONE PROGRAMS

STATUS OF PERFORMANCE BENCHMARKS

For the period from July 1, 1999 to March 31, 2001

Benchmark 1	Appoint coordinator, outline duties, establish positions, select support staff
Review Results and Comments	<p>The LPH program did achieve Benchmark No. 1.</p> <p>The DHC has appointed staff to coordinate the activities of the LPH program as well as other programs and activities at the public housing sites. In addition, the LPH program maintains two employee account representatives, who are assigned to the Jeffries Homes and the Villages of Parkside to assist residents with job placements and job referrals through the JOBnet program.</p>
Benchmark 2	Conduct regular meetings with tenant organizations, community based organizations, supporting partners and advisory boards
Review Results and Comments	<p>The LPH program did achieve Benchmark No. 2.</p> <p>Resident Councils and Residential Advisory Boards meet biweekly and monthly, respectively. Both groups consist of public housing residents. Resident Initiative Coordinators assigned to the public housing developments meet with program service providers, monthly to review program activities. In addition, the DHC has ongoing meetings with several community-based organizations, e.g., Friends of Parkside. The community based organization meetings usually included several of the LPH program's supporting partners.</p>
Benchmark 3	Design public relations materials, develop intake tools, identify support services and needs of residents to facilitate resident participation in programs
Review Results and Comments	<p>The LPH program did achieve Benchmark No. 3.</p> <p>Newsletters and flyers, which include information on public housing programs and activities, are available at the public housing developments. In addition, the DHC identifies support services, which are available to residents, and conduct need assessment profiles for residents who participate in the JOBnet program.</p>

Benchmark 4**Solicit technical assistance from supporting partners****Review Results and Comments**

The LPH program did achieve Benchmark No. 4.

According to its GMBAS, the LPH program has the following supporting partners:

- Recreation Department of the City of Detroit
- Detroit Public Schools
- Michigan Job Pact
- One Stop Capital Shop
- Wayne State University Teacher Education
- Employment and Training Department of the City of Detroit

Based on information provided to us by the DHC staff, the LPH program solicited technical assistance from most of its original supporting partners. For example, the Recreation Department sponsored the Roving Recreation program, at Villages of Parkside. The Detroit Public Schools participated with IBM toward creating two training labs at the Jeffries Homes and Villages of Parkside. In addition, Wayne State University provided instructors at the Villages of Parkside's computer learning center, and the Employment and Training Department provided JOBnet staff at the Jeffries and Brewster/Douglass Homes. In addition, the LPH program sought assistance from the One Stop Capital Shop regarding the Micro-Business Loan component of the LPH program.

Benchmark 5**Implement the JOBnet program (EZ program E 3.1) with 750 referrals, and the School as the Heart of the Community program (EZ program F 5.2) with 200 enrollees****Review Results and Comments**

The LPH program partially achieved Benchmark No. 5.

We were provided documentation to substantiate 212 residents used the JOBnet service at the Parkside Villages and Jeffries Homes public housing sites during the audited period from July 1, 1999 to March 31, 2001. However, due to the LPH program's record keeping, we were unable to determine the actual number of job or educational training referrals made by JOBnet at the three public housing sites.

In addition, the School as the Heart of the Community program is not available in the community schools nearest the three public housing developments targeted by the LPH program. However, the DHC does not have control over the School as the Heart of the Community program activity.

Benchmark 6**Implement the Parent Academy with 100 enrollees****Review Results
and Comments**

The LPH program did not achieve Benchmark No. 6, since the Parent Academy program (for which the DHC had no control) was not fully developed during the audit period.

The Parent Academy program, an Empowerment Zone program designed to remove the barriers to education and job training for parents and other adults, has reported some start-up problems. Therefore, the program was not fully developed during the audited period from July 1, 1999 to March 31, 2001. The implementing agency for the Parent Academy is the Detroit Public Schools.

Benchmark 7**Expand the Project Headstart program at the Jeffries Homes Public Housing Development****Review Results
and Comments**

The LPH program did achieve Benchmark No. 7.

The Headstart program was successfully expanded to reach greater numbers of public housing residents at the Peter Claver child care center (the former site of the Saint Peter Claver church) near the Brewster/Douglass Homes, which is located within the Central Region of the Empowerment Zone. The renovations of the Peter Claver child care center included installation of a heat ventilation and air conditioning system, and the installation of a handicap ramp on the exterior of the building. As of March 31, 2001, Title XX SSBG expenditures for the renovation of the Peter Claver center totaled \$40,000.

Benchmark 8**Implement the Entrepreneurial Training program****Review Results
and Comments**

The LPH program did not achieve Benchmark No. 8., since the Entrepreneurial Training program (for which the DHC had no control) was not put into operation.

The Empowerment Zone Development Corporation's program committee removed the Entrepreneurial Training program, which never operated, and transferred the program's Title XX SSBG funds to the One Stop Capital Shop program.

Benchmark 9

Coordinate Section 3 enforcement for all DHC contracts for resident training, jobs, and entrepreneurial programs

Review Results and Comments

The LPH program did achieve Benchmark No. 9.

The DHC maintains policies and procedures to coordinate the enforcement of Section 3 of the Housing and Urban Development Act of 1968 for training, jobs, and entrepreneurial programs.

LINKING PUBLIC HOUSING TO EMPOWERMENT ZONE PROGRAMS

PROGRAM NOTES

Title XX SSBG Funds Expended

The allocation of Title XX SSBG funds totaled \$480,000. As of March 31, 2001, the LPH program had expended a total of \$132,168 in Title XX SSBG funds. We examined documentation and support for these expenditures on a test basis, and noted three exceptions, which we addressed in administrative recommendation 4 on page 14.

Micro-Business Loan Program

As of March 31, 2001, the LPH had not implemented the Micro-Business Loan program, and there were no written policies or guidelines for the administration of the program.

Subsequent to our review, the DHC prepared guidelines for the Micro-Business Loan program, however, these guidelines have not been reviewed or approved by the Planning and Development Department.

LPH Program Activity

The following chart identifies the EZ programs and activities, which are (or were intended to be) included as components of the LPH program, as well as the program type, and related public housing development sites where the program or activity was available.

Empowerment Zone Programs and Activities included as components of the LPH program

For the period July 1, 1999 to March 31, 2001

<u>Program or Activity</u>	<u>Program Type</u>	<u>Public Housing Development Sites</u>
JOBnet Program	Job training	Jeffries Homes, Villages of Parkside, and Brewster/Douglass Homes
School as the Heart of the Community Program	Educational and Recreational	Not Available
Parent Academy Program	Educational	Not Available
Entrepreneurial Training	Entrepreneurial	Not Available
Micro-Business Loan	Entrepreneurial	Not Available
Expanded Child Care	Family Services	Brewster/Douglass Homes and Jeffries Homes

LINKING PUBLIC HOUSING TO EMPOWERMENT ZONE PROGRAMS

ADMINISTRATIVE RECOMMENDATIONS

1. To ensure the validity and reliability of the data included on the LPH program's monthly and annual reports, **we recommend** the DHC maintain adequate records and documentation as support for such reports. In addition, copies of selected supporting documentation should be provided to the EZDC with the Performance and Accomplishment Reports and the GMBAS Reports.
2. **We recommend** the DHC take the action necessary to file the Performance and Accomplishment Reports and the GMBAS Reports for the LPH program with the EZDC on a timely basis.
3. To enable the LPH program to make \$60,000 in loans available to resident entrepreneurs, **we recommend** the DHC take actions, as considered necessary, for the effective operation and administration of the Micro-Business Loan program.
4. **We recommend** the DHC, as the implementing agency of the LPH program, take steps to comply with the requirements included in its contract with the Planning and Development Department related to documentation of construction costs and verification of personnel costs charged as Title XX expenditures.